storebrand

Interim report 4th quarter 2019

Storebrand Group (unaudited)

Contents

Storebrand Group

- **Group profit of NOK 1,026m in the 4th quarter and NOK 3,037m in 2019**
- **Solvency II ratio 176%**
- **Performance fees of NOK 225m for the year booked entirely in the 4th quarter**
- **Assets under management growth of NOK 45bn in the 4th quarter and NOK 124 bn in 2019**

Storebrand's ambition is to be the best provider of pension savings. The Group offers an integrated product range spanning from life insurance, P&C insurance, asset management and banking to private individuals, companies and public sector entities. The Group is divided into the segments Savings, Insurance, Guaranteed Pension and Other.

GROUP RESULT [2)]

	2019		2018			Full Year	
(NOK million)	Q4	Q3	Q2	Q1	Q4	2019	2018
Fee and administration income	1,561	1,296	1,235	1,215	1,301	5,308	5,011
Insurance result	223	268	269	245	282	1,005	1,291
Operational cost	-1,077	-979	-1,030	-929	-1,031	-4,015	-3,786
Operating profit	**707**	**586**	**474**	**531**	**551**	**2,298**	**2,516**
Financial items and risk result life	319	114	105	202	11	739	642
Profit before amortisation	**1,026**	**700**	**578**	**733**	**563**	**3,037**	**3,158**
Amortisation and write-downs of intangible assets	-117	-115	-114	-99	-99	-444	-360
Profit before tax	**909**	**585**	**464**	**634**	**464**	**2,593**	**2,799**
Tax	-234	-124	-13	-139	1,392	-511	898
Profit after tax	**675**	**461**	**451**	**494**	**1,856**	**2,082**	**3,697**

The Group's profit before amortisation was NOK 1,026m (NOK 563m) in the 4th quarter and NOK 3,037m (NOK 3,158m) for the full year. The figures in brackets are from the corresponding period last year.

Total fee and administration income amounted to NOK 1,561m (NOK 1,301m) in the 4th quarter. This is an increase of 20% compared to the same period last year. For the full year, the income amounted to NOK 5,308m (NOK 5011m) – an increase of 6%. Income in the Savings segment was NOK 1,233m (NOK 1,006m) and grew by 23% in the same period. Much of the increase is explained by the increase in performance related income which for the full year (all booked in the 4th quarter) amounted to NOK 225m (NOK 96m). Total assets under management have increased with NOK 45bn in the 4th quarter and NOK 124bn in 2019, contributing to the increase in income as well. In the Guaranteed segment, fee and administration income amounted to NOK 368m (NOK 333m) in the 4th quarter and NOK 1,475m (NOK 1,440m) in 2019.

The Insurance result was NOK 223m (NOK 282m) and the total combined ratio was 96% (89%) in the 4th quarter. This is higher than the targeted range of 90-92%, but for the full year the combined ratio was 91% (82%), in line with the target. Last year's lower combined ratio was largely driven by run-off gains.

The Group's operational costs for the quarter were NOK -1,077m (NOK -1,031m) and for the full year NOK -4,015m (NOK -3,786m). This is somewhat higher than the group's targeted cost level, but NOK -142m of costs in 2019 are explained by NOK -63m in performance related costs, a cost base of NOK -29m consolidated in from Cubera, restructuring costs of NOK -50m incurred in the 2nd quarter and increased costs from implementation of the new asset management platform. Adjusted for this, the underlying operational cost was in line with the cost target. The underlying cost control is strong and the Group maintains the target of flat nominal costs in 2020 compared to 2018.

[1)] Earnings before amortisation and tax. www.storebrand.no/ir provides an overview of APMs used in financial reporting.
[2)] The income statement is based on reported IFRS results for the individual group companies. The statement differs from the official accounts layout.
[3)] The abbreviations NOK for Norwegian kroner, m for million, bn for billion and % for per cent are used throughout the report.

Overall, the operating profit increased in the quarter, but decreased for the full year compared to last year. Better relative fund performance in 2019 improved the 4th quarter result, while a strong insurance result in 2018 explains the decline for the full year. Adjusting for performance related results, the operating profit was NOK 456m (NOK 466m) in the 4th quarter and NOK 2,157m (NOK 2,431m) for the full year.

The 'financial items and risk result' of NOK 319m (NOK 11m) was substantially better in the 4th quarter compared to last year. A continued strong risk result in Paid-up policies combined with a strong financial result in the Swedish business SPP contribute positively. Good financial markets in the 4th quarter resulted in NOK 100m (NOK 14m) of profit sharing in SPP in the 4th quarter due to lower deferred capital contributions (DCC). For the full year, net profit sharing is slightly lower compared to last year because of last year's reserve release of NOK 200m from DCC in SPP.

Amortisation of intangible assets remained stable at NOK -117m (NOK -99). The increase in 2019 is due to the acquisition of Cubera. Normal amortisation of intangible assets is expected to remain at around NOK -110m per quarter.

GROUP RESULT BY RESULT AREA

	2019		2018			Full Year	
(NOK million)	Q4	Q3	Q2	Q1	Q4	2019	2018
Savings - non-guaranteed	547	303	224	290	325	1,364	1,257
Insurance	70	128	139	103	97	439	748
Guaranteed pension	332	237	211	249	217	1,029	1,148
Other profit	77	32	5	91	-76	205	5
Profit before amortisation	**1,026**	**700**	**578**	**733**	**563**	**3,037**	**3,158**

The Group reported a tax cost of NOK -234m (NOK 1,392m) in the 4th quarter and NOK -511m in 2019. This is slightly lower than the estimated tax rate of 21-23% for 2019. The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway, and it varies from quarter to quarter depending on each legal entity's contribution to the Group result. The tax result in the 4th quarter 2018 was a result of transitional effects from new tax legislation in Norway that lead to a tax income of approximately NOK 1.6 billion. Tax related issues are described in note 9.

The Savings segment reported a profit before amortisation of NOK 547m (NOK 325m) in the 4th quarter and NOK 1,364m (NOK 1,257m) for the full year. Performance related result of NOK 251m (NOK 85m) in the 4th quarter explains much of the improved result. Adjusted for performance related results, the operating profit was NOK 296m (NOK 240m) in the 4th quarter and NOK 1,223m (NOK 1,172m) for the full year. Growth in assets under management from premium income, new sales, positive financial markets and a higher net interest margin in the Bank contribute positively to the underlying result improvement.

The Insurance segment reported a profit before amortisation of NOK 70m (NOK 97m) in the 4th quarter and NOK 439m (NOK 748m) for the full year. While the cost ratio remained stable at 17% in the 4th quarter 2019, the claims ratio increased from 72% to 78% in 2019 resulting in a combined ratio of 96% (89%) in the 4th quarter and 91% (82%) for the full year. Run-off gains contributed positively to the result last year while 2019 has seen higher disability claims. Over time, the combined ratio is targeted to be in the range 90-92%.

The Guaranteed Pension segment reported a profit before amortisation of NOK 332m (NOK 217m) in the 4th quarter and NOK 1,029m (NOK 1,148m) for the full year. Good results in disability risk coverages in Norwegian Paid-up policies and net profit sharing in SPP from positive financial markets leading to lower deferred capital contributions (DCC) are the main drivers behind the good result in the quarter. The products within Guaranteed Pension are in long-term run-off and reduced earnings from this segment are to be expected over time.

The Other segment, which primarily consists of company capital, subordinated loans, and small subsidiaries, reported a profit of NOK 77m (NOK -76m) in the 4th quarter and NOK 205m (NOK 40m) for the full year before eliminations. The improvement in the result is explained by credit spreads tightening and a reversal of provisions for an earnout related to the Skagen acquisition.

CAPITAL SITUATION

Storebrand uses the standard model for the calculation of Solvency II. The Storebrand Group's target solvency margin in accordance with the Solvency II regulations is a minimum of 150%, including use of the transitional rules. The solvency margin was 176% at the end of 2019. The Solvency margin without transitional rules was 174%. Higher interest rates during the quarter was partly offset by a lower volatility adjustment and an increase in the equity stress level. Exclusion of the subordinated loan callable in March 2020 and regulatory changes including new capital requirements for mortgage loans reduce the solvency ratio. Group results and strong returns in the quarter, contributes positively on the solvency margin.

MARKET AND SALES PERFORMANCE

The growth in Unit linked savings is driven by premiums from existing contracts, new sales, investment returns, conversion from Defined Benefit to Defined Contribution schemes and increased savings rates. Assets under management in the Unit Linked business in Norway and Sweden increased by 13bn (6%) during 4th quarter and 41bn (23%) during the year and amounted to NOK 220bn at the end of the year. Both the Swedish and the Norwegian Unit Linked business manage over NOK 100bn of pension assets. In Norway, Storebrand is the market leader in Unit Linked occupational pension with 29% market share of gross premiums written (at the end of the 3rd quarter 2019). SPP has a market share of 14% in the Swedish market for non-unionised occupational pensions ("Övrig Tjänstepension") and is rapidly growing sales within United Linked pensions. New sales, measured in annual premium equivalent , are 24% higher in 2019 compared to 2018.

The Storebrand Group had a 12% market share at the end of 2019 within retail mutual funds in Norway. In Insurance, after a period of flat premium development, the annual portfolio premiums grew by 5% compared to the same period last year – in line with Storebrand's growth ambition. Lending volume at Storebrand Bank amounted to NOK 48,2bn and increased 4% compared to the same period last year. The growth in lending has slowed since the bank balance has reached a targeted level of NOK 45-50bn in mortgages.

DIVIDEND

The board proposes an ordinary dividend of NOK 3.25 pr. share, equal to NOK 1,517m, to the Annual General Meeting. This represents a NOK 0.25 nominal increase in ordinary dividends compared to last year, corresponding to an increase of 8.3% and a pay-out ratio of 73%.

GROUP - KEY FIGURES

	2019	2018				Full Year	
(NOK million)	Q4	Q3	Q2	Q1	Q4	2019	2018
Earnings per share adjusted	1.68	1.22	1.21	1.26	4.18	5.38	8.66
Equity	33,398	32,680	32,242	33,177	32,873	33,398	32,873
Quarterly adjusted ROE, annualised	10.4%	7.5%	7.4%	7.9%	29.0%	8.0%	13.7%
Solvency II	176%	177%	167%	173%	173%	176%	173%

Financial targets	Target	Actual 2019
Return on equity (after tax)[1)]	> 10%	8.0%
Dividend pay-out ratio (after tax)	> 50%	73%
Solvency II margin Storebrand Group	> 150%	176%

[1)] *After tax, adjusted for amortisation of intangible assets.*

Savings

- **Performance fees of NOK 225m for the year booked entirely in the 4th quarter**
- **Assets under management growth of NOK 45bn in the 4th quarter and NOK 124 bn in 2019**
- **11% growth in Unit Linked premiums and 23% growth in reserves during the year**

The Savings segment includes products for retirement savings with no interest rate guarantees. The segment consists of defined contribution pensions in Norway and Sweden, asset management and retail banking products.

SAVINGS - NON GUARANTEED

	2019			2018		Full Year	
(NOK million)	Q4	Q3	Q2	Q1	Q4	2019	2018
Fee and administration income	1,233	957	911	896	1,006	3,996	3,709
Operational cost	-692	-643	-672	-615	-652	-2,621	-2,405
Operating profit	**541**	**314**	**239**	**281**	**354**	**1,375**	**1,303**
Financial items and risk result life	6	-11	-16	9	-29	-11	-46
Profit before amortisation	**547**	**303**	**224**	**290**	**325**	**1,364**	**1,257**

FINANCIAL PERFORMANCE

The Savings segment reported a profit before amortisation of NOK 547m (NOK 325m) in the 4th quarter and NOK 1,364m (1,257m) for the full year. The recent acquisition of Cubera is included with a profit of NOK 14m in the quarter and 37m for the full year.

In accordance with IFRS the 4th quarter result includes performance related income from funds with performance fees earned through 2019, both in the quarter and previous quarters, amounting to NOK 225m (NOK 96m). In comparison to the 3rd quarter, the performance related income was reduced by NOK 40m in 4th quarter due to lower relative performance in the quarter. Respectively, the IFRS result was positively affected by reversal of performance related costs in the 4th quarter, amounting to NOK 26m (NOK -11m). Performance fees net of bonuses and related expanses amounted to NOK 84m (NOK 11m) corresponding to a full year performance related profit of NOK 140m (NOK 85m).

Compared to last year, the fee- and administration income in the Savings segment increased by 11% in the quarter and by 4,4% for the full year, excluding the performance related income. In the Norwegian and Swedish United Linked businesses, income grew 10% and 8% respectively from 2018 to 2019. Returns, new sales and higher savings rates drive income growth. Increased competition contributes to moderate margin pressure both for the Norwegian and the Swedish Unit Linked products. In Asset Management, growth in index-based products slowly leads to lower gross margins. Despite increased market rates that reduced the net interest income margin in Storebrand Bank in the 4th quarter, the net interest income as a percentage of average total assets remained higher than last year at 1.31% (1.21%) in the quarter and 1.26% (1.22%) for the full year.

Operational cost within Savings increased in the 4th quarter and for the full year compared to 2018. The cost base is gradually shifting from the Guaranteed segment to the Savings segment as the former segment is in long-term decline and the latter in rapid growth.

BALANCE SHEET AND MARKET TRENDS

Turbulent financial markets in the 4th quarter 2018 lead to lower assets under management at the beginning of 2019, but good returns have contributed to growth through the year. The Unit Linked premiums were NOK 4.5bn (NOK 4.1bn) at the end of 4th quarter, growing by 11% compared to the previous year. The total assets under management in Unit Linked have increased by 13bn (6%) during 4th quarter and 41bn (23%) compared to the previous year and amounted to NOK 220bn at the end of the quarter.

In the Norwegian Unit Linked business the assets under management increased by NOK 6.8bn (6%) in the quarter and NOK 21 bn (23%) last year. The underlying growth is driven by 5% growth in occupational pension premium payments as well as good market returns. In Norway, Storebrand is the market leader with a 29% market share of gross premiums written (at the end of the 3rd quarter) within Unit Linked.

In the Swedish market, SPP is the fourth largest provider of non-unionised occupational pensions with a market share of 14% measured by gross premiums written (excluding transfers) within Unit Linked. Customer assets increased by NOK 6.2bn (6%) in the quarter and NOK 19bn (23%) in 2019, driven by strong growth in sales as well by good market returns.

Assets under management in Storebrand Asset Management increased by NOK 45bn (6%) in the quarter and NOK 124bn or 18% over the last year, including Cubera with NOK 7 bn.

The bank lending portfolio in the retail market grew by NOK 1.6bn (4%) from the same quarter in the previous year, and NOK 1.4bn (3%) during the 4th quarter. The portfolio consists of low-risk home mortgages with an average LTV of 57%. Storebrand Life Insurance manages NOK 18bn of the mortgages on its balance sheet.

SAVINGS - KEY FIGURES

	2019		2018		
(NOK million)	Q4	Q3	Q2	Q1	Q4
Unit linked Reserves	219,793	206,717	198,032	190,980	179,299
Unit linked Premiums	4,551	4,205	4,175	4,237	4,086
AuM Asset Management	831,204	786,326	751,926	728,712	707,297
Retail Lending	48,161	46,722	46,201	46,476	46,526

Insurance

- **Combined ratio of 96% in the quarter, but 91% for the full year in line with overall target**
- **Weaker result due to higher disability claims compared to last year**
- **5% overall portfolio premium growth in 2019 and 13% in P&C**
- **Continued cost control keeps the operational costs stable**

The Insurance segment provides health insurance in the Norwegian and Swedish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employer's liability insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

INSURANCE

	2019		2018			Full Year	
NOK million	Q4	Q3	Q2	Q1	Q4	2019	2018
Insurance premiums f.o.a.	1,014	981	965	948	1,003	3,909	3,854
Claims f.o.a.	-792	-713	-696	-703	-721	-2,904	-2,562
Operational cost	-177	-162	-159	-150	-175	-648	-614
Operating profit	**45**	**106**	**111**	**95**	**107**	**357**	**677**
Financial result	25	21	28	8	-9	83	71
Contribution from SB Helseforsikring AS	*1*	*12*	*10*	*1*	*6*	*24*	*32*
Profit before amortisation	**70**	**128**	**139**	**103**	**97**	**439**	**748**
Claims ratio	78%	73%	72%	74%	72%	74%	66%
Cost ratio	17%	17%	16%	16%	17%	17%	16%
Combined ratio	96%	89%	89%	90%	89%	91%	82%

FINANCIAL PERFORMANCE

Insurance delivered a profit before amortisation of NOK 70m (NOK 97m) in the 4th quarter and a combined ratio for the quarter of 96% (89%). For the full year, profit before amortisation was NOK 439m (NOK 748m) and the combined ratio was 91% (82%). The underlying combined ratio is targeted to be in the range 90-92%.

The 4th quarter claims ratio was 78% (72%) and the result is weaker than last year due to higher disability claims in several product areas. Individual insurance coverage has a lower result due to higher claims on disability and critical illness, and a claims ratio higher than last year. For Group life, disability claims have increased considerably and price increases have been implemented as of January 2020 in order to improve the result. The risk result for Pension related disability is generally seeing a positive disability development in Norway, but there is a high degree of price competition. In Sweden, the disability result is stronger than expected for the full year, however lower in Q4 than previous quarters. P&C insurance has lower claims than last year. Higher claims on motor and dissolution losses explain the higher claims ratio last year.

Cost control has continued to be satisfactory. The cost ratio remains at 17% in the 4th quarter, the same level as last year and only marginally higher on an annual basis.

Insurance's investment portfolio in Norway amounted to NOK 8.3bn as of the 4th quarter. It is primarily invested in fixed income securities with a short to medium duration. Financial returns were higher mainly due to an increase in Norwegian short-term rates.

BALANCE SHEET AND MARKET TRENDS

The Insurance segment offers a broad range of products to the retail market in Norway, as well as to the corporate market in both Norway and Sweden. Overall growth in portfolio premiums amounted 5% from 2018 to 2019, in line with Storebrand's target. Profitability in the retail and corporate markets is satisfactory in general. To maintain profitability, Insurance must strive for competitive prices, simple and relevant products, good digital solutions and good coverages.

Storebrand's growth in the retail market has increased due to strong contribution from sales agents. Annual growth in P&C portfolio premiums amounted to 13% as of the 4th quarter. The distribution setup is expected to continue contribute to profitable growth. The corporate market is more mature with lower margins and a strong focus on price. Health related insurance is growing and Storebrand is succeeding well in the market.

INSURANCE PREMIUMS

	2019	2018				Full Year	
(NOK million)	Q4	Q3	Q2	Q1	Q4	2019	2018
P&C & Individual life[1)]	1,915	1,845	1,810	1,769	1,743	1,915	1,743
Health & Group life [2)]	1,639	1,609	1,563	1,548	1,574	1,639	1,574
Pension related disability insurance Nordic[3)]	1,144	1,130	1,134	1,124	1,138	1,144	1,138
Total written premiums	**4,698**	**4,583**	**4,507**	**4,442**	**4,455**	**4,698**	**4,455**
Investment portfolio	**8,304**	**8,146**	**8,177**	**8,627**	**8,084**	**8,304**	**8,084**

[1)] NOK 2,7bn of the investment portfolio is linked to disability coverages where the investment result goes to the customer reserves and not as a result element in the P&L.
[2)] Group disability, workers comp. and health insurance. Includes all written premiums in Storebrand Helseforsikring AS (50/50 joint venture with Munich Health).
[3)] DC risk premium Norwegian line of business.

Guaranteed pension

- **Income development in line with strategy and product run-off**
- **Strong risk result and net profit sharing in the 4th quarter**

GUARANTEED PENSION

	2019	2018				Full Year	
NOK million	Q4	Q3	Q2	Q1	Q4	2019	2018
Fee and administration income	368	384	364	361	333	1,475	1,440
Operational cost	-225	-199	-209	-186	-223	-819	-816
Operating profit	**143**	**185**	**155**	**174**	**111**	**657**	**624**
Risk result life & pensions	71	30	52	61	58	215	191
Net profit sharing and loan losses	118	22	4	13	48	157	333
Profit before amortisation	**332**	**237**	**211**	**249**	**217**	**1,029**	**1,148**

FINANCIAL PERFORMANCE

Guaranteed Pension achieved a profit before amortisation of NOK 332m (NOK 217m) in the 4th quarter and NOK 1,029m (NOK 1,148m) for the full year.

Fee and administration income has performed in line with the fact that a large part of the portfolio is mature and in long-term decline. Income of NOK 368m (NOK 333m) in the 4th quarter was somewhat higher than last year, but on the same level as 2018 on a full year basis at NOK 1,475m (NOK 1,440m).

Operating costs amounted to NOK 225m (NOK 223m) in the 4th quarter and NOK 819m for the full year (NOK 816m). Over time, operating costs will be reduced as a result of the products being in long-term run-off.

The risk result amounted to NOK 71m (NOK 58m) in the 4th quarter and NOK 215m for the full year (NOK 191m). The risk result continues to be strong in Norwegian Paid-up policies with a result of NOK 50m (NOK 38m). In the Swedish business, the risk result was NOK 29m (NOK 6m) in the quarter, which is satisfactory and driven by a stronger longevity result.

The result from profit sharing was NOK 118m (NOK 48m) in the 4th quarter and NOK 157m for the full year (NOK 333m). Profit sharing in the Norwegian business is moderate, most profit sharing in the quarter is generated in SPP. The driver for profit sharing is positive investment returns from real estate and credit bonds, resulting in lower deferred capital contributions (DCC). Increased volatility adjustment (VA) also contributed to lower DCC. Due to further reductions in the ultimate forward rate (UFR), reserves in Sweden have been strengthened by NOK 47m in the 4th quarter.

BALANCE SHEET AND MARKET TRENDS

The majority of guaranteed products are closed for new business, and the customers' choice of transferring from guaranteed to non-guaranteed products is in line with the Group's strategy. As of the 4th quarter, customer reserves for guaranteed pensions amounted to NOK 263bn. This is a reduction of NOK 0.5bn compared to the previous quarter, but an increase of NOK 2.6bn compared to last year. The increase is attributed to growth in buffer capital. As a share of the total balance sheet, guaranteed reserves amount to 54.5% (59.2%) as of the 4th quarter, a reduction of 4.7 percentage points since last year. The premium income for guaranteed pensions (excluding trans¬fers) was NOK 1.2bn (NOK 1.1bn) in the 4th quarter and NOK 5.2bn for the for the full year (NOK 5.3bn).

In the Norwegian business, Paid-up policies is the only guaranteed pensi-on portfolio experiencing some growth over time as active Define Benefit contracts will eventually become Paid-up policies. The Paid-up portfolio amounted to NOK 137bn as of the 4th quarter – an increase of NOK 4.2bn from last year. Reserves for Defined Benefit pensions in Norway amounted to NOK 33bn at the end of the 4th quarter, in line with the level at the start of the year.

Guaranteed portfolios in the Swedish business totalled NOK 80bn as of the 4th quarter, a reduction of NOK 0.9bn in 2019.

All products achieved a return above the guaranteed rate on average in 2019, resulting in 16 % growth in buffer capital for the year. In Norway, the average value adjusted return was 5.5 % while the average guaranteed rate was 3.2 %. In Sweden, the average value adjusted return was 7.9 % while the average guaranteed rate was 2.9 %.

GUARANTEED PENSION - KEY FIGURES

	2019		2018			Full Year	
(NOK million)	Q4	Q3	Q2	Q1	Q4	2019	2018
Guaranteed reserves	263,185	263,677	261,973	260,560	260,573	263,185	260,573
Guaranteed reserves in % of total reserves	54.5%	56.1%	57.0%	57.7%	59.2%	54.5%	59.2%
Net transfers	-16	-14	1	-75	-10	-103	-165
Buffer capital in % of customer reserves Norway	8.6%	8.3%	7.9%	7.4%	6.4%	8.6%	6.4%
Buffer capital in % of customer reserves Sweden	10.7%	9.8%	9.9%	9.4%	8.7%	10.7%	8.7%

Other/Eliminations

The result for Storebrand ASA is reported under Other, as well as the result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the activities at BenCo are reported in this segment. Group eliminations are reported in a separate table below.

RESULT EXCLUDING ELIMINATIONS

	2019	2018				Full Year	
NOK million	Q4	Q3	Q2	Q1	Q4	2019	2018
Fee and administration income	13	10	14	14	23	51	102
Operational cost	-35	-29	-45	-33	-42	-143	-190
Operating profit	**-22**	**-19**	**-31**	**-19**	**-20**	**-91**	**-89**
Financial items and risk result life	99	51	36	111	-56	296	128
Profit before amortisation	**77**	**32**	**5**	**91**	**-76**	**205**	**40**

ELIMINATIONS

	2019	2018				Full Year	
(NOK million)	Q4	Q3	Q2	Q1	Q4	2019	2018
Fee and administration income	-52	-54	-54	-55	-61	-215	-239
Operational cost	52	54	54	55	61	215	239
Financial result							-35
Profit before amortisation							-35

The Other segment reported a profit of NOK 77m (NOK -76m) in the 4th quarter and NOK 205m (NOK 40m) for the full year, excluding eliminations. The good in the result stems from spreads tightening of credit spreads and a reversal of provisions for an earn out related to the Skagen acquisition.

Fee and administration income as well as operational cost were reduced compared to last year due to run-off of the corporate bank and the sale of Nordben.

The financial result in the Other segment includes the company portfolios of SPP and Storebrand Life Insurance, and the financial result of Storebrand ASA.

The Storebrand Life Insurance Group is funded by a combination of equity and subordinated loans. Given the interest rate level at the end of the 4th quarter, interest expenses of approximately NOK 90m per quarter are going forward. The company portfolios in the Norwegian and Swedish life insurance companies amounted to NOK 24bn at year end.

The investments are primarily in interest-bearing securities, with short maturities, in Norway and Sweden. The Norwegian company portfolio reported a return of 0.70% for the quarter. The Swedish company portfolio provided a return of -2.57% in the quarter.

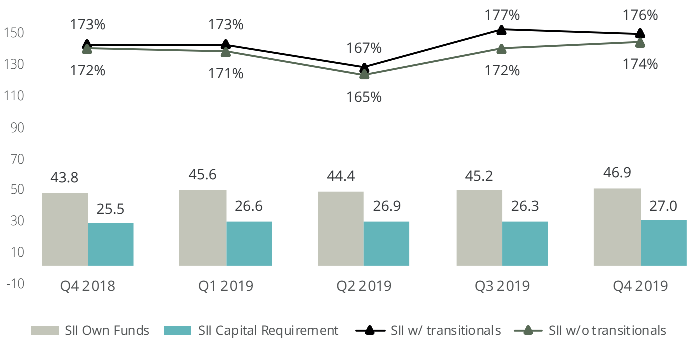
Balance sheet, solidity and capital situation

Continuous monitoring and active risk management is core to Storebrand's business. Risk and capital adequacy are monitored at both Group level and in the legal entities. Regulatory requirements for capital adequacy and risk management follow the legal entities. This section is thus divided by legal entities.

STOREBRAND GROUP

The solvency margin was 176% at the end of 2019, a decrease from 177% by the end of the 3rd quarter. The Solvency margin without transitional rules was 174%. Effects of higher interest rates in the 4th quarter are partly offset by a lower volatility adjustment (VA) and an increased equity stress level. The solvency position is further strengthened by the quarterly results and strong returns. The subordinated loan with call in March 2020 has been taken out of the solvency calculation as of 31.12.2019 and reduces the reported group solvency ratio by approximately 3 percentage points.

STOREBRAND ASA



Storebrand ASA (holding company) held liquid assets of NOK 3.3bn at the end of the quarter. Liquid assets consist primarily and bank deposits. Storebrand ASA's total interest-bearing liabilities were NOK 1.3bn at the end of the quarter. This corresponds to a net liquidity ratio of 9.8%. The next maturity date for bond debt is in May 2020. In addition to the liquidity portfolio, the company has an unused credit facility of EUR 200m that runs until December 2024.

Storebrand ASA owned 0.20% (943 190) of the company's own shares at the end of the quarter.

STOREBRAND LIFE INSURANCE GROUP[1)]

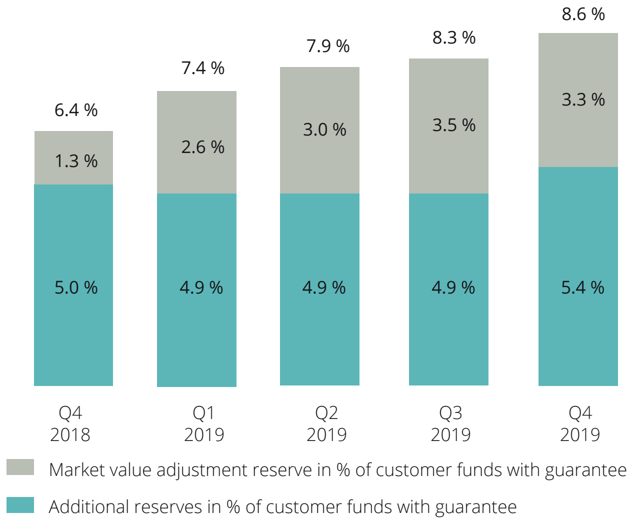
The Solidity capital[1] measures the amount of IFRS capital available to cover customer liabilities. The solidity capital amounted to NOK 62.4bn at the end of 4th quarter 2019, an increase of NOK 0.3bn in 4th quarter. The change in the quarter is due to decreased customer buffers in the Norwegian business and an increase in customer buffers in the Swedish business.

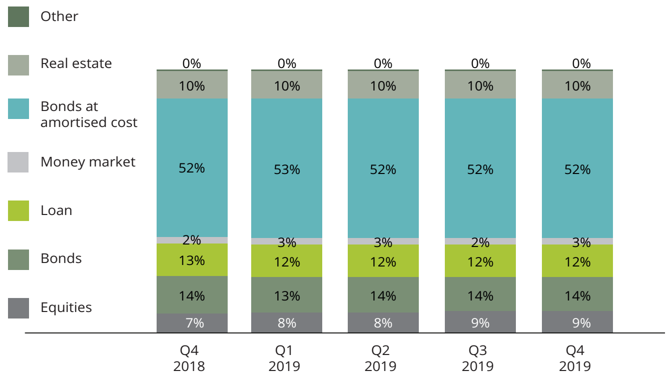
STOREBRAND LIVSFORSIKRING AS

The market value adjustment reserve decreased during the 4th quarter by NOK 0.4bn and increased year to date by NOK 3.3bn and amounted to NOK 5.5bn at the end of the 4th quarter 2019. The additional statutory reserves increased during the 4th quarter by NOK 0.8bn and year to date by NOK 0.5bn due to preliminary application of the investment return and amounted to NOK 9.0bn at the end of the 4th quarter 2019. The excess value of bonds and loans valued at amortised cost decreased by NOK 1.8bn in the 4th quarter and NOK 0.3bn year to date and amounted to NOK 4.7bn at the end of the 4th quarter 2019 due to increases in interest rates. The excess value of bonds and loans at amortised cost is not included in the financial statements.

CUSTOMER BUFFERS

ALLOCATION OF GUARANTEED CUSTOMER ASSETS



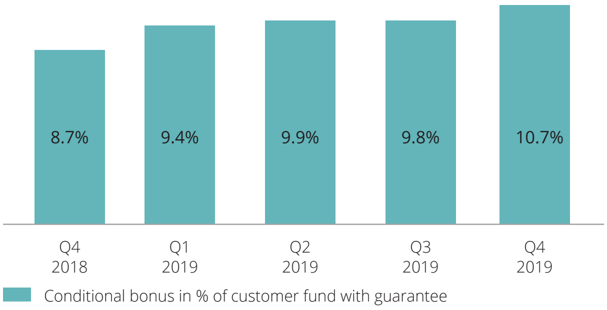


Customer assets increased by NOK 6.8bn in the 4th quarter and NOK 24.6bn year to date due to positive investment returns. Customer assets totaled NOK 297bn at the end of the 4th quarter 2019. Customer assets within non-guaranteed savings increased NOK 6.8bn during the 4th quarter and NOK 21.1bn year to date and amounted to NOK 115bn at the end of 4th quarter 2019. There is no changes in guaranteed customer assets in the 4th quarter, for the year 2019 there is an increase of NOK 3.5bn. Guaranteed customer asset amounted to NOK 183bn at the end of 2019.

[1)] Storebrand Life Insurance, SPP and BenCo.
[2)] Consists of equity, subordinated loan capital, market value adjustment reserve, risk equalisation reserve, unrealised gains/losses on bonds and loans at amortised cost, additional statutory reserves, conditional bonuses.

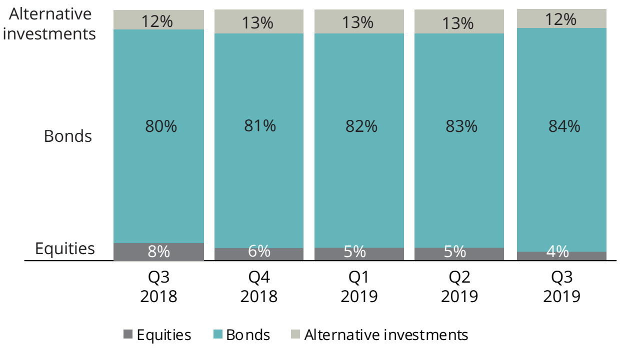
SPP

CUSTOMER BUFFERS - SPP



The buffer capital amounted to SEK 8.3bn (SEK 6.6bn) at the end of the 4th quarter.

ALLOCATION OF GUARANTEED CUSTOMER ASSETS



Total assets under management in SPP were SEK 195bn (SEK 168bn) at the end of the 4th quarter. This corresponds to an increase of 16% compared to the 4th quarter last year. For customer assets in non-guaranteed savings, assets under management totalled SEK 112bn (SEK 88bn) at the end of the 4th quarter, which corresponds to an increase of 28%, compared with the 4th quarter 2018.

STOREBRAND BANK

The loan portfolio including loans managed on behalf of Storebrand Livsforsikring AS amounted to NOK 48.2 billion (NOK 46.5 billion) at the end of the 4th quarter, of which the share to Storebrand Livsforsikring AS was net NOK 18.0 billion (NOK 18.1 billion). Lending to customers in the bank group totalled NOK 30.2 billion (NOK 28.5 billion) at the end of the 4th quarter.

The Storebrand Bank Group had a net capital base of NOK 2.6bn at the end of the 4th quarter. The capital adequacy ratio was 19.6% and the Core Equity Tier 1 (CET1) ratio was 15.8% at the end of the 4th quarter, compared with 18.9% and 15.2%, respectively, at the end of 2018. The combined requirements for capital and CET1 were 17.8% and 14.3% respectively at the end of the 4th quarter, including increased countercyclical capital buffer requirement of 0.5 percentage points from 31 December 2019.

Outlook

STRATEGY
Storebrand follows a twofold strategy. First, Storebrand aims to build a world class Savings Group supported by Insurance. Storebrand is the market leader in pension solutions to Norwegian businesses and a challenger in the Swedish market, and uniquely positioned in the growing retail savings market. Storebrand Asset Management has a strong competitive position and clear growth ambitions. Second, through cost control and disciplined use of capital, Storebrand aims to increase return to shareholders. Storebrand expects to start capital release as dividends and/or share buy backs when the solvency margin is above 180%. The solvency margin is expected to grow 5 percentage points annually after dividends from today's level. The guaranteed business in long term run-off is projected to release NOK 10bn over the next years until 2027.

FINANCIAL PERFORMANCE
The market for Defined Contribution pensions is growing, and Storebrand's total reserves within Unit Linked increased by 23% in the last 12 months. Continued growth for Defined Contribution pensions is expected in the future. The loyalty program for employees at companies that have a pension scheme at Storebrand remains an important area of focus. The sale of banking products and P&C insurance contributes to growth within the Savings and Insurance segments. The competition in the market has resulted in pressure on margins within these segments. This in turn sets requirements for relative cost reductions and efficiency improvements in distribution and product solutions to achieve continued profitable growth. In order to realise the ambitions in the retail market, sales must continue to increase.

Asset management is an important business area within the Savings segment. With the acquisition of Skagen, Storebrand became a top three mutual fund provider in Norway. The asset management platform is competitive and scalable for further growth. With the acquisition of Cubera as of 1 April 2019, Storebrand has one of the strongest offerings of Private Equity in the Nordics.

The Guaranteed Pension segment is in long term run-off and the reserves for the guaranteed Defined Benefit solutions are decreasing. However, there is continued growth in the reserves linked to Paid-up policies due to companies choosing to convert existing Defined Benefit schemes to Defined Contribution schemes and because Defined Benefit policies are converted to Paid-up policies as policyholders are entering retirement. It is expected that the growth in Paid-up policies will decline in the next few years and that there will be flat growth in reserves over several years before the reserves start to fall. The portfolio of Paid-up policies makes a limited contribution to the Group results with the present interest rates. Guaranteed reserves represent a declining share of the Group's total pension reserves and were 54.5% at the end of the quarter, a 5%-point reduction from the previous year.

The group has reported flat nominal costs from 2012 to 2019 and has the ambition to continue do so in 2020. This is in spite of assets under management having almost doubled in the period and selected investments in growth initiatives having taken place. This implies a real reduction in costs. The cost ambition is excluding any performance related costs in Asset Management and potential acquisitions. Lower cost through automation, digitalisation and the partnerships are expected to cover normal investments in business growth and inflation the coming years.

RISK
Market risk is the Group's biggest risk. In the Board's self-assessment of risk and solvency (ORSA) process, developments in interest rates, credit spreads, and equity and property values are considered to be the biggest risks that influence the solvency of the Group. Storebrand has adapted to the low interest rates by increasing duration in portfolios and building up buffer capital. The level of the average annual interest rate guarantee is gradually reduced as older policies with higher guarantees are phased out. In the long term, continued low interest rates will represent a risk for products with guaranteed high interest rates. Storebrand has adjusted its asset allocation by building a robust portfolio with bonds at amortised cost to achieve the guaranteed interest rate. For insurance risk, increased longevity and the development in disability are the factors that have greatest influence on solvency. Operational risk may also have an effect on solvency. The risk is closely monitored. The span of outcomes from regulatory risk has increased. Several processes, both on the domestic and international level, with potential implications for capital, customer returns and commercial opportunities are described below.

INDIVIDUAL PENSION ACCOUNT
Individual Pension Accounts are expected to be introduced in 2021. The new scheme is based on existing pension accounts in active defined contribution schemes.

Defined contribution capital certificates issued by previous employers ("pensjonskapitalbevis") will be transferred into the active scheme unless the holder makes an active choice to stay with the current provider by opting-out ("negative acceptance"). A key aim of the reform is to reduce the costs associated with the administration of pension contributions from previous employers. This will in turn entail lower income for the providers.

Storebrand currently has a higher market share for active defined contribution schemes than for certificates from such schemes and therefore expects some new net inflows of certificates from the proposed changes. Individuals will be able to transfer the pension account (both current and former earnings) to other providers.

Storebrand is participating in the Ministry of Finance implementing group on individual pension accounts.

GUARANTEED PENSIONS

The Ministry of Finance has sent out a consultation paper regarding changes in guaranteed pension regulations based on proposal by the Financial Supervisory Authority (FSA). The FSA proposals follow up from a Working Group report on guaranteed pensions published in September 2018 with the aim of increasing returns to policyholders. The Working Group assessed the regulations for profit sharing and buffer building, as well as rules regulating the transfer of pension assets between providers:

- The opportunity for companies to build up additional statutory provisions separately for individual contracts.
- Merging the additional statutory reserves and the market value adjustment reserve into a new customer-distributed buffer reserve that could also cover negative returns.
- The opportunity for the company to fulfil annual interest rate guarantees with borrowed equity.
- The opportunity for customers to choose faster disbursements for small paid-up policies.
- The opportunity for the companies to compensate customers when transitioning to paid-up policies with investment options.

The FSA also proposed removing the ability to book fixed income investments at amortised cost. Storebrand and other providers have argued against this proposal. In the consultation paper, the Ministry of Finance points to the arguments against this proposal and emphasises that such a change only will be considered should it prove to be significantly favourable to the customers.

The Ministry of Finance will decide on which proposals to put forward to parliament after the public consultation which ends in April 2020.

PUBLIC SECTOR PENSIONS

New public sector occupational pensions will be introduced from 2020. Storebrand provides administration and asset management services for municipal pension funds and decided to enter the insured municipal pension market in 2019.

When collective guaranteed pension contracts are transferred to other providers, the provider which the customer transfers from can withhold market value adjustment reserves up to two per cent of technical provisions. The Ministry of Finance has abolished this regulation with effect from December 2019. This will mainly have an impact on the market for municipal pensions, facilitating competition by creating a more level playing field and increasing transfer values for municipal customers moving from their current provider.

SOLVENCY II REVIEW

The European Insurance and Occupational Pension Authority (EIOPA) has launched a public consultation on changes in the Solvency II standard model. EIOPA has proposed changes in the interest rate risk module that could increase the solvency capital requirement for Norwegian and Swedish insurers. EIOPA will present final proposals to the Commission in June 2020, and final conclusions drawn by the Commission, the Parliament and the Council in 2022.

DIVIDEND POLICY

Storebrand has established a framework for capital management that links dividends to the solvency margin. The dividend policy intends to reflect the strong growth in fee-based earnings, the more volatile financial markets related earnings and the future capital release from the guaranteed book. The Board's ambition is to pay a gradually and growing ordinary dividend. When the solvency margin reaches 180%, the board intends to initiate a share buyback program. The purpose of the buyback program is to return excess capital released from the guaranteed liabilities that are in long-term run-off. A review of the solvency level and related share buybacks will normally be conducted in connection with first half and full year results, starting first half 2020.

Storebrand's dividend policy is stated as following:

Storebrand aims to pay an ordinary dividend of more than 50% of Group result after tax. The Board of Directors' ambition is to pay ordinary dividends per share of at least the same nominal amount as the previous year. Ordinary dividends are subject to a sustainable solvency margin of above 150%. If the solvency margin is above 180%, the Board of Directors intends to propose special dividends or share buy backs.

Lysaker, 11 February 2020.

Storebrand Group
Income statement

(NOK million)	Note	Q4 2019	Q4 2018	01.01 - 31.12 2019	01.01 - 31.12 2018
Premium income		8,049	6,918	32,366	29,631
Net income from financial assets and real estate for the company:					
- equities and fund units at fair value		42	-11	40	-10
- bonds and other fixed-income securities at fair value		63	12	600	286
- financial derivatives at fair value		-32	31	7	50
- loans at fair value		7	-1	14	4
- bonds at amortised cost		51	31	214	116
- loans at amortised cost		220	165	802	665
- profit from investments in associated companies and joint ventures		130	10	39	46
Net income from financial assets and real estate for the customers:					
- equities and fund units at fair value		8,179	-16,273	37,318	-5,249
- bonds and other fixed-income securities at fair value		32	-349	4,167	737
- financial derivatives at fair value		-623	-1,213	1,424	-2,111
- loans at fair value		-223	34	11	136
- bonds at amortised cost		946	1,343	3,912	4,254
- loans at amortised cost		219	165	546	544
- properties		628	392	1,864	1,487
- profit from investments in associated companies and joint ventures		82	8	341	303
Other income		1,079	1,034	3,758	4,028
Total income		**18,848**	**-7,703**	**87,422**	**34,918**
Insurance claims		-6,261	-6,003	-26,756	-25,142
Change in insurance liabilities		-7,834	14,464	-44,725	-2,140
Change in capital buffer		-1,945	1,568	-5,892	1,730
Operating expenses	8	-1,294	-1,244	-4,828	-4,542
Other expenses		-234	-309	-1,238	-853
Interest expenses		-254	-211	-947	-813
Total expenses before amortisation		**-17,822**	**8,266**	**-84,385**	**-31,760**
Group profit before amortisation		**1,026**	**563**	**3,037**	**3,158**
Amortisation of intangible assets		-117	-99	-444	-360
Group pre-tax profit		**909**	**464**	**2,593**	**2,799**
Tax expenses	9	-234	1,392	-511	898
Profit/loss for the period		**675**	**1,856**	**2,082**	**3,697**
Profit/loss for the period attributable to:					
Share of profit for the period - shareholders		670	1,854	2,067	3,684
Share of profit for the period - hybrid capital investors		3	2	12	9
Share of profit for the period - minority		3		3	3
Total		**675**	**1,856**	**2,082**	**3,697**
Earnings per ordinary share (NOK)		1.43	3.97	4.43	7.89
Average number of shares as basis for calculation (million)				466.8	467.2
There is no dilution of the shares					

Storebrand Group
Statement of comprehensive income

	Q4		01.01 - 31.12	
(NOK million)	2019	2018	2019	2018
Profit/loss for the period	**675**	**1,856**	**2,082**	**3,697**
Actuarial assumptions pensions own employees	11	-18	3	-26
Adjustment of value of properties for own use	-2	2	-22	48
Total comprehensive income elements allocated to customers	2	-2	22	-48
Tax on other comprehensive income elements not to be classified to profit/loss	12	1	12	1
Total other comprehensive income elements not to be classified to profit/loss	**23**	**-17**	**15**	**-25**
Translation differences foreign exchange	45	204	-168	-351
Gains/losses from cash flow hedging	-19	30	-36	-23
Total other comprehensive income elements that may be classified to profit/loss	**26**	**234**	**-204**	**-374**
Total other comprehensive income elements	**50**	**217**	**-190**	**-399**
Total comprehensive income	**725**	**2,073**	**1,892**	**3,297**
Total comprehensive income attributable to:				
Share of total comprehensive income - shareholders	714	2,068	1,879	3,286
Share of total comprehensive income - hybrid capital investors	3	2	12	9
Share of total comprehensive income - minority	8	3	1	2
Total	**725**	**2,073**	**1,892**	**3,297**

Storebrand Group
Statement of financial position

(NOK million)	Note	31.12.19	31.12.18
Assets company portfolio			
Deferred tax assets		1,430	1,972
Intangible assets and excess value on purchased insurance contracts		6,220	6,106
Pension assets		2	5
Tangible fixed assets		1,075	43
Investments in associated companies and joint ventures		227	255
Financial assets at amortised cost:			
- Bonds	7	8,256	8,349
- Loans to financial institutions	7	41	318
- Loans to customers	7,10	29,798	28,236
Reinsurers' share of technical reserves		26	21
Investment properties at fair value	7	49	50
Biological assets		67	67
Accounts receivable and other short-term receivables		4,824	7,005
Financial assets at fair value:			
- Equities and fund units	7	323	295
- Bonds and other fixed-income securities	7	28,512	24,055
- Derivatives	7	1,183	1,226
- Loans to customers	7,10	389	220
Bank deposits		3,119	3,633
Minority interests in consolidated mutual funds		44,933	29,290
Total assets company portfolio		**130,474**	**111,145**
Assets customer portfolio			
Investments in associated companies and joint ventures		4,045	4,406
Financial assets at amortised cost:			
- Bonds	7	89,790	86,374
- Bonds held-to-maturity	7	13,377	14,403
- Loans to customers	7,10	23,735	25,270
Reinsurers' share of technical reserves		69	48
Investment properties at fair value	7	29,366	28,217
Properties for own use	7	1,375	1,420
Accounts receivable and other short-term receivables		450	1,012
Financial assets at fair value:			
- Equities and fund units	7	194,020	157,066
- Bonds and other fixed-income securities	7	128,127	133,531
- Derivatives	7	4,131	3,421
- Loans to customers	7,10	6,736	5,708
Bank deposits		7,475	5,457
Total assets customer portfolio		**502,695**	**466,331**
Total assets		**633,170**	**577,476**

Continue next page

Storebrand Group
Statement of financial position (continue)

(NOK million)	Note	31.12.19	31.12.18
Equity and liabilities			
Paid-in capital		12,856	12,858
Retained earnings		20,264	19,782
Hybrid capital		226	176
Minority interests		52	57
Total equity		**33,398**	**32,873**
Subordinated loan capital	6,7	8,925	8,224
Capital buffer	11	23,825	18,983
Insurance liabilities		477,171	444,341
Pension liabilities		266	322
Deferred tax		768	258
Financial liabilities:			
- Liabilities to financial institutions	6,7	446	2
- Deposits from banking customers	7	14,404	14,419
- Securities issued	6,7	18,729	17,529
- Derivatives company portfolio		86	460
- Derivatives customer portfolio		908	4,147
- Other non-current liabilities		1,037	
Other current liabilities		8,274	6,628
Minority interests in consolidated mutual funds		44,933	29,290
Total liabilities		**599,772**	**544,604**
Total equity and liabilities		**633,170**	**577,476**

Storebrand Group
Statement of changes in equity

(NOK million)	Share capital [1]	Own shares	Share premium	Total paid in equity	Currency translation differences	Other equity [2]	Total retained earnings	Hybrid capital[3]	Minority interests	Total equity
	Majority's share of equity									
Equity at 31 December 2017	**2,339**	**-5**	**10,521**	**12,855**	**1,426**	**16,226**	**17,652**	**226**	**99**	**30,832**
Profit for the period						3,684	3,684	9	3	3,697
Total other comprehensive income elements					-350	-48	-398		-1	-399
Total comprehensive income for the period					**-350**	**3,636**	**3,286**	**9**	**2**	**3,297**
Equity transactions with owners:										
Own shares		3		3		48	48			50
Issue of shares									4	4
Hybrid capital classified as equity						2	2	-50		-48
Paid out interest hybrid capital								-9		-9
Dividend paid						-1,167	-1,167		-2	-1,169
Purchase of minority interests						-82	-82		-38	-120
Other						43	43		-8	35
Equity at 31 December 2018	**2,339**	**-2**	**10,521**	**12,858**	**1,076**	**18,706**	**19,782**	**176**	**57**	**32,873**
Profit for the period						2,067	2,067	12	3	2,082
Total other comprehnsive income elements					-166	-22	-188		-2	-190
Total comprehensive income for the period					**-166**	**2,045**	**1,879**	**12**	**1**	**1,892**
Equity transactions with owners:										
Own shares		-3		-3		-27	-27			-29
Hybrid capital classified as equity						3	3	50		53
Paid out interest hybrid capital								-12		-12
Dividend paid						-1,399	-1,399			-1,399
Other						27	27		-7	21
Equity at 31 December 2019	**2,339**	**-5**	**10,521**	**12,856**	**910**	**19,355**	**20,264**	**226**	**52**	**33,398**

1) 467 813 982 shares with a nominal value of NOK 5.
2) Includes undistributable funds in the risk equalisation fund amounting to NOK 466 million and security reserves amounting NOK 62 million.
3) Perpetual hybrid tier 1 capital classified as equity.

Storebrand Group
Statement of cash flow

(NOK million)	01.01 - 31.12 2019	2018
Cash flow from operational activities		
Net receipts premium - insurance	26,343	25,211
Net payments claims and insurance benefits	-20,723	-20,056
Net receipts/payments - transfers	-118	-699
Net receipts/payments insurance liabilities	-765	-5,140
Receipts - interest, commission and fees from customers	2,426	2,232
Payments - interest, commission and fees to customers	-503	-290
Taxes paid	-21	-56
Payments relating to operations	-4,837	-4,633
Net receipts/payments - other operational activities	4,786	-303
Net cash flow from operations before financial assets and banking customers	*6,589*	*-3,735*
Net receipts/payments - loans to customers	-1,419	-5,584
Net receipts/payments - deposits bank customers	-15	-209
Net receipts/payments - securities	-3,435	10,965
Net receipts/payments - investment properties	-368	296
Net change in bank deposits insurance customers	-2,092	-423
Net cash flow from financial assets and banking customers	*-7,329*	*5,045*
Net cash flow from operational activities	**-740**	**1,310**
Cash flow from investment activities		
Receipts - sale of subsidaries		1,175
Payments - purchase of subsidaries	-308	-736
Net receits/payments - sale/purchase of fixed assets	-96	-35
Net receipts/payments - sale of insurance portfolios	29	156
Net cash flow from investment activities	**-375**	**560**
Cash flow from financing activities		
Receipts - new loans	3,001	4,177
Payments - repayments of loans	-1,769	-3,195
Payments - interest on loans	-429	-295
Receipts - subordinated loan capital	1,052	845
Payments - repayment of subordinated loan capital	-253	-1,501
Payments - interest on subordinated loan capital	-365	-373
Net receipts/payments - loans to and claims from other financial institutions	443	-153
Receipts - issuing of share capital / sale of shares to own employees	33	37
Payments - repayment of share capital	-68	
Payments - dividends	-1,399	-1,168
Receipts - hybrid capital	125	100
Payments - repayment of hybrid capital	-75	-150
Payments - interest on hybrid capital	-12	-9
Net cash flow from financing activities	**284**	**-1,684**
Net cash flow for the period	**-831**	**185**
Net movement in cash and cash equivalents	-831	185
Cash and cash equivalents at start of the period	3,951	3,780
Currency translation cash/cash equivalents in foreign currency	41	-14
Cash and cash equivalents at the end of the period [1]	**3,160**	**3,951**
[1] **Consist of:**		
Loans to financial institutions	41	318
Bank deposits	3,119	3,633
Total	**3,160**	**3,951**

Notes to the interim accounts Storebrand Group

Note 01 Accounting policies

The Group's interim financial statements include Storebrand ASA, subsidiaries, associated companies and joint ventures. The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not contain all the information that is required in full annual financial statements.

A description of the accounting policies applied in the preparation of the financial statements are provided in the 2018 annual report, and the interim financial statements are prepared in accordance with these accounting policies.

There are new accounting standards that entered into effect in 2019.

IFRS 16

IFRS 16 Leases replaces the current IAS 17, and entered into force from 1 January 2019. IFRS 16 stipulates principles for recognition, measurement, presentation and disclosure for leases. The new leasing standard do not entail major changes for lessors, but significantly change accounting for lessees. IFRS 16 requires that lessees must, as a starting point, recognise all leases in the balance sheet according to a simplified model that resembles accounting of financial leases under IAS 17. The present value of total lease payments must be recognised as a lease liability and an asset that reflects the right of use of the asset during the lease period, with the exception of short-term agreements and agreements in which the asset has a low value. The `right of use`asset is amortised over the lease period and the depreciation expense is continually recognised in the income statement as an operating expense. Interest expense on the lease liability is recognised in the income statement as a financial expense.

IFRS 16 can be implemented either in accordance with the full retrospective method or modified retrospective method, and Storebrand has selected the modified retrospective method. This means that comparable figures are not restated and the effect is entered in the balance sheet for the implementation year of 2019. Upon implementation, the `right of use` asset and the lease liability is the same amount and have no effect on equity. The transition to IFRS 16 and effects in 2019 is showned in the table below.

Storebrand has used alternative loan rate as discount rate for calculating the present value of the lease payments, and this discount rate is adapted to the individual lease agreement duration. Leases that are shorter than 12 months as of 1 January 2019 and leases that include assets with a value lower than NOK 50,000 will not be recognised in the balance sheet, but as an expense over the lease period.

BALANCE SHEET - LEASES

	Rent		Other equipment		Total	
(NOK million)	01.01.19	31.12.19	01.01.19	31.12.19	01.01.19	31.12.19
Right of use asset	1,005	981	62	51	1,067	1,032
Lease liability	1,005	985	62	52	1,067	1,037

INCOME STATEMENT- LEASES

	Q4 2019			01.01.19 - 31.12.19		
(NOK million)	Rent	Other equipment	Total	Rent	Other equipment	Total
Depreciation after IFRS 16	-30	-4	-34	-115	-16	-132
Interest expenses after IFRS 16	-7		-7	-31	-1	-32
Profit after IFRS 16	**-37**	**-5**	**-42**	**-146**	**-18**	**-164**
Operating expenses (after IAS 17)	-34	-6	-40	-136	-17	-153
Deviation operating expenses between IAS 17 and IFRS 16	**4**	**1**	**5**	**21**	**1**	**21**
Deviation profit (before tax) between IAS 17 and IFRS 16	**-3**	**1**	**-2**	**-10**	**-1**	**-11**

Note 02 Estimates

In preparing the Group's financial statements the management are required to make estimates, judgements and assumptions of uncertain amounts. The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and expectations of future events, and represent the management's best judgement at the time the financial statements were prepared.

Actual results may differ from these estimates.

A description of the most critical estimates and judgements that can affect recognised amounts is included in the 2018 annual report in note 2, insurance risk in note 7 and valuation of financial instruments at fair value is described in note 12.

Note 03 Acquisition

On 11 February, Storebrand Asset Management AS entered into an agreement to acquire Cubera Private Equity AS [Cubera]. Cubera is a Nordic firm offering investors exposure to Nordic private equity primarily through the secondary market. The firm is a leading player within Nordic private equity and has around NOK 9 billion under management, mainly from international investors.

The transaction was completed on 1 April 2019.

The purchase price of the acquisition was NOK 329 million and was settled with cash only. The purchase price may increase with up to NOK 225 million related to fundraising to new funds managed by Cubera.

Business combinations are recognised in accordance with the acquisition method. Upon acquisition of a subsidiary, a fair value analysis is performed, and assets and liabilities are assessed at fair value at the time of purchase. The residual value in the acquisition will constitute goodwill.

Excess value of NOK 383 million has been identified before deferred tax in the acquisition analysis. Of the total excess value, NOK 225 million is linked to customer relations, which is amortized over 7 years, while NOK 140 million is linked to customer contracts, which are amortized over 5 years. In addition, excess value of NOK 18 million related to IT systems, which are amortized over 3 years, has been identified. Deferred tax of NOK 92 million has been calculated for the excess value. Goodwill amounts to NOK 206 million and this item is not depreciated, but is tested yearly against impairment.

ACQUISITION ANALYSIS CUBERA

(NOK million)	Book values in the company	Excess value upon acquistion	Book values
Assets			
- Customer lists		225	225
- Customer contracts		140	140
- IT systems		18	18
Total intangible assets	1	383	384
Other assets	6		6
Bank deposits	30		30
Total assets	**36**	**383**	**419**
Liabilities			
Current liabilities	7		7
Deferred tax		92	92
Net identifiable assets and liabilities	**29**	**291**	**320**
Goodwill			206
Fair value at acquisition date			**526**
Conditional payment[1]			198
Cash payment			**329**

[1] *Estimated present value earnout at acquisition date*

Note 04

Profit by segments

Storebrand's operation includes the segments Savings, Insurance, Guaranteed Pension and Other.

Savings

The savings segment includes products for retirement savings with no interest rate guarantees. The segment consists of defined contribution pensions in Norway and Sweden, asset management and retail banking products. In addition, certain other subsidiaries in Storebrand Livsforsikring and SPP are included in Savings.

Insurance

The insurance segment provides health insurance in the Norwegian and Swe¬dish corporate and retail markets, P&C insurance and personal risk products in the Norwegian retail market and employer's liability insurance and pension-related insurance in the Norwegian and Swedish corporate markets.

Guaranteed pension

The guaranteed Pension segment includes long-term pension savings products that give customers a guaranteed rate of return. The area includes defined benefit pensions in Norway and Sweden, paid-up policies and individual capital and pension insurances.

Other

The result for Storebrand ASA is reported under Other, as well as the result for the company portfolios and small subsidiaries of Storebrand Life Insurance and SPP. In addition, the results associated with loans to commercial enterprises by Storebrand Bank and the activities at BenCo are reported in this segment. The elimination of intra-group transactions that have been included in the other segments has also been included.

Reconciliation with the official profit and loss accounting

Profit in the segments are reconciled with the corporate profit and loss account before tax. The corporate profit and loss account includes gross income and gross expenses linked to both the insurance customers and owners. The various segments are to a large extent followed up on net profit margins, including risk and administration results. The profit lines that are used in segment reporting will therefore not be identical with the profit lines in the corporate profit and loss account.

A description of the most important differences is included in the 2018 annual report in note 4 Segment reporting.

	Q4		01.01 - 31.12	
(NOK million)	2019	2018	2019	2018
Savings	547	325	1,364	1,257
Insurance	70	97	439	748
Guaranteed pension	332	217	1,029	1,148
Other	77	-76	205	5
Group profit before amortisation	**1,026**	**563**	**3,037**	**3,158**
Amortisation of intangible assets	-117	-99	-444	-360
Group pre-tax profit	**909**	**464**	**2,593**	**2,799**

SEGMENT INFORMATION AS OF Q4

	Savings		Insurance		Guaranteed pension	
	Q4		Q4		Q4	
(NOK million)	2019	2018	2019	2018	2019	2018
Fee and administration income	1,233	1,006			368	333
Insurance result			223	282		
- Insurance premiums for own account			*1,014*	*1,003*		
- Claims for own account			*-792*	*-721*		
Operating expense	-692	-652	-177	-175	-225	-223
Operating profit	**541**	**354**	**45**	**107**	**143**	**111**
Financial items and risk result life & pension	6	-29	25	-9	189	106
Group profit before amortisation	**547**	**325**	**70**	**97**	**332**	**217**
Amortisation of intangible assets [1)]						
Group pre-tax profit						

	Other		Storebrand Group	
	Q4		Q4	
(NOK million)	2019	2018	2019	2018
Fee and administration income	-39	-39	1,561	1,301
Insurance result			223	282
- Insurance premiums for own account			*1,014*	*1,003*
- Claims for own account			*-792*	*-721*
Operating expense	17	19	-1,077	-1,031
Operating profit	**-22**	**-20**	**707**	**551**
Financial items and risk result life & pension	99	-56	319	11
Group profit before amortisation	**77**	**-76**	**1,026**	**563**
Amortisation of intangible assets [1)]			-117	-99
Group pre-tax profit			**909**	**464**

SEGMENT INFORMATION AS OF 01.01 - 31.12

	Savings		Insurance		Guaranteed pension	
(NOK million)	30.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18
Fee and administration income	3,996	3,709			1,475	1,440
Insurance result			1,005	1,291		
- Insurance premiums for own account			*3,909*	*3,854*		
- Claims for own account			*-2,904*	*-2,562*		
Operating expense	-2,621	-2,405	-648	-614	-819	-816
Operating profit	**1,375**	**1,303**	**357**	**677**	**657**	**624**
Financial items and risk result life & pension	-11	-46	83	71	372	525
Group profit before amortisation	**1,364**	**1,257**	**439**	**748**	**1,029**	**1,148**
Amortisation of intangible assets [1)]						
Group pre-tax profit						

[1)] Amortisation of intangible assets are included in Storebrand Group.

(NOK million)	Other 31.12.19	Other 31.12.18	Storebrand Group 31.12.19	Storebrand Group 31.12.18
Fee and administration income	-164	-138	5,308	5,011
Insurance result			1,005	1,291
- Insurance premiums for own account			*3,909*	*3,854*
- Claims for own account			*-2,904*	*-2,562*
Operating expense	73	49	-4,015	-3,786
Operating profit	**-91**	**-89**	**2,298**	**2,516**
Financial items and risk result life & pension	296	93	739	642
Group profit before amortisation	**205**	**5**	**3,037**	**3,158**
Amortisation of intangible assets [1]			-444	-360
Group pre-tax profit			**2,593**	**2,799**

[1] Amortisation of intangible assets are included in Storebrand Group.

KEY FIGURES BY BUSINESS AREA

(NOK million)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Group								
Earnings per ordinary share [1]	4.43	2.99	2.01	1.05	7.89	3.92	2.80	1.55
Equity	33,398	32,680	32,242	33,177	32,873	30,742	30,227	31,140
Savings								
Premium income Unit Linked [2]	4,551	4,205	4,175	4,237	4,086	4,096	3,892	3,947
Unit Linked reserves	219,793	206,717	198,032	190,980	179,299	187,016	178,498	171,749
AuM asset management	831,204	786,326	751,926	728,712	707,297	725,171	707,102	707,102
Retail lending	48,161	46,722	46,201	46,476	46,526	45,669	44,325	43,054
Insurance								
Total written premiums	4,698	4,583	4,507	4,442	4,455	4,408	4,417	4,424
Claims ratio [2]	78%	73%	72%	74%	72%	67%	62%	65%
Cost ratio [2]	17%	17%	16%	16%	17%	14%	16%	16%
Combined ratio [2]	96%	89%	89%	90%	89%	81%	78%	81%
Guaranteed pension								
Guaranteed reserves	263,185	263,677	261,973	260,560	260,573	257,570	257,783	259,426
Guaranteed reseves in % of total reserves	54.5%	56.1%	57.0%	57.7%	59.2%	57.9%	59.1%	60.2%
Net transfer out of guaranteed reserves [2]	16	14	-1	75	10	24	13	118
Capital buffer in % of customer reserves Store-brand Life Group [3]	8.6%	8.3%	7.9%	7.4%	6.4%	6.6%	6.5%	6.2%
Capital buffer in % of customer reserves SPP [4]	10.7%	9.8%	9.9%	9.4%	8.7%	9.5%	8.8%	9.0%
Solidity								
Solvency II [5]	176%	177%	167%	173%	173%	169%	167%	165%
Solidity capital (Storebrand Life Group) [6]	62,442	62,127	59,921	58,606	58,978	57,702	57,869	58,849
Capital adequacy Storebrand Bank	19.6%	18.4%	18.4%	19.2%	18.9%	18.4%	18.8%	18.8%
Core Capital adequacy Stobrand Bank	17.5%	16.2%	16.3%	16.6%	16.6%	16.1%	16.5%	16.6%

[1] Accumulated
[2] Quarterly figures
[3] Additional statutory reserves + market value adjustment reserve
[4] Conditional bonuses
[5] See note 13 for specification of Solvency II
[6] The term solidity capital encompasses equity, subordinated loan capital, the risk equalisation fund, the market value adjustment reserve, additional statutory reserves, conditional bonuses, excess value/deficit related to bonds at amortised cost and accrued profit.

Note 05 Financial market risk and insurance risk

Risks are described in the annual report for 2018 in note 7 (Insurance risk), note 8 (Financial market risk), note 9 (Liquidity risk), note 10 (Credit risk) and note 11 (Concentrations of risk).

Market risk means changes in the value of assets due to unexpected volatility or changes in prices in the financial markets. It also refers to the risk that the value of the insurance liability develops differently than the assets. The most significant market risks for Storebrand are equity market risk, credit risk, property price risk, interest rate risk and currency exchange rate risk.

For the life insurance companies, the financial assets are invested in a variety of sub-portfolios. Market risk affects Storebrand's income and profit differently in the different portfolios. There are three main types of sub-portfolios: company portfolios, customer portfolios without a guarantee (unit linked) and customer portfolios with a guarantee.

The market risk in the company portfolios has a direct impact on Storebrand's profit.

The market risk in customer portfolios without a guarantee (unit linked) is borne by the customers, meaning Storebrand is not directly affected by changes in value. Nevertheless, changes in value do affect Storebrand's profit indirectly. Income is based mainly on the size of the portfolios, while the costs tend to be fixed. Lower returns from the financial market than expected will therefore have a negative effect on Storebrand's income and profit.

For customer portfolios with a guarantee, the net risk for Storebrand will be lower than the gross market risk. The extent of risk sharing with customers depends on several factors, the most important being the size and flexibility of the customer buffers, and also the level and duration of the interest rate guarantee. If the investment return is not sufficiently high to meet the guaranteed interest rate, the shortfall will be met by using customer buffers in the form of risk capital built up from previous years' surpluses. Risk capital primarily consists of unrealised gains, additional statutory reserves and conditional bonuses. Storebrand is responsible for meeting any shortfall that cannot be covered by the customer buffers.

For guaranteed customer portfolios, the risk is affected by changes in the interest rate level. Falling interest rates are positive for the investment return in the short term due to price appreciation for bonds, but negative in the long term because it reduces the probability of achieving a return higher than the guarantee.

The equity market continued to be strong during the fourth quarter. Global equities rose 8 % and Norwegian equities rose 5 %. That took the 2019 return to 27 % for global equities and 17 % for Norwegian equities. The market for corporate bonds has also been strong and credit spreads fell, both during the fourth quarter and for 2019. Reduced spreads were positive for return, but lower credit spreads are negative for expected return going forward.

In the fourth quarter, the trend towards lower long term interest rates seen during the first three quarters, reversed. Both the Norwegian and the Swedish 10-year interest rate swap increased by 0.4 pp during the fourth quarter. For 2019, the Norwegian 10-year swap rate was almost unchanged while the Swedish 10-year swap rate fell by 0.4 pp. But short term interest rates increased during 2019, both in Norway and Sweden. Due to the majority of the interest rate investments in the Norwegian customer portfolios being held at amortized cost, changes in interest rates have a limited effect on booked returns in the short term. However, with the present interest rates, new bond investments provide a lower return than the average interest rate guarantee. Lower interest rate is a negative factor for the solvency position.

The Norwegian Krone strengthened during the fourth quarter. During 2019, the Norwegian Krone has weakened 1 % against the US dollar, strengthened 4 % against the Swedish Krona and is little changed against the Euro. A high degree of currency hedging in the portfolio means that the exchange rate fluctuations have a modest effect on results and risk.

During the fourth quarter and 2019, the overall investment allocation was not materially changed.

Return for guaranteed customer portfolios in Norway on average was well above the guaranteed rate for 2019. Most of the excess return came in the form of increased unrealized gains or will be set aside as additional statutory reserves. Return for guaranteed customer portfolios in Sweden was positive and in excess of the increase in value for the liabilities. This led to an increase in conditional bonuses.

Return for unit linked portfolios was good during the fourth quarter and for 2019, positively affected by the strong equity markets.

Insurance risk is the risk of higher than expected payments and/or an unfavorable change in the value of an insurance liability due to actual developments deviating from what was expected when premiums or provisions were calculated. Most of the insurance risk for the group is related to life insurance. Changes in longevity is the greatest risk because higher longevity means that the guaranteed benefits must be paid over a longer period. There are also risks related to disability and early death.

The insurance risk was not materially changed during 2019.

Note 06 Liquidity risk

SPECIFICATION OF SUBORDINATED LOAN CAPITAL[1)]

(NOK million)	Nominal value	Currency	Interest rate	Call date	Book value
Issuer					
Perpetual subordinated loan capital[2)]					
Storebrand Livsforsikring AS	872	NOK	Variable	2020	874
Storebrand Livsforsikring AS	1,100	NOK	Variable	2024	1,100
Dated subordinated loan capital					
Storebrand Livsforsikring AS	1,000	SEK	Variable	2022	939
Storebrand Livsforsikring AS	1,000	SEK	Fixed	2024	940
Storebrand Livsforsikring AS	300	EUR	Variable	2023	3,243
Storebrand Livsforsikring AS	750	SEK	Variable	2021	709
Storebrand Livsforsikring AS	900	SEK	Variable	2025	844
Storebrand Bank ASA	150	NOK	Variable	2022	151
Storebrand Bank ASA	125	NOK	Variable	2025	125
Total subordinated loans and hybrid tier 1 capital 31.12.19					**8,925**
Total subordinated loans and hybrid tier 1 capital 31.12.18					8,224

1) Storebrand Bank ASA has issued hybrid tier 1 capital bonds/hybrid capital that is classified as equity. See the statement of changes in equity.

2) in the case of perpetual subordinated loans, the cash flow is calculated through to the first call date

SPECIFICATION OF LIABILITIES TO FINANCIAL INSTITUTIONS

	Book value	
(NOK million)	31.12.19	31.12.18
Call date		
2019		2
2020	446	
Total liabilities to financial institutions	**446**	**2**

SPECIFICATION OF SECURITIES ISSUED

	Book value	
(NOK million)	31.12.19	31.12.18
Call date		
2019		2,779
2020	3,769	4,314
2021	4,916	4,414
2022	6,023	4,519
2023	4,021	1,503
Total securities issued	**18,729**	**17,529**

The loan agreements contain standard covenants.

Covered bonds

For issued covered bonds, a regulatory requirement for over-collateralisation of 102 per cent and an over-collateralisation requirement of 109.5 per cent for bonds issued before 21 June 2017 apply.

Credit facilities

Storebrand ASA has an unused credit facility of EUR 200 million, expiration December 2024.

Note 07 Valuation of financial instruments and investment properties

The Group categorises financial instruments valued at fair value on three different levels. Criteria for the categorisation and processes associated with valuing are described in more detail in note 12 in annual report for 2018.

The company has established valuation models and gathers information from a wide range of well-informed sources with a view to minimising the uncertainty of valuations.

VALUATION OF FINANCIAL INSTRUMENTS TO AMORTISED COST

(NOK million)	Fair value 31.12.19	Book value 31.12.19	Fair value 31.12.18	Book value 31.12.18
Financial assets				
Loans to and due from financial institutions	41	41	318	318
Loans to customers - corporate	6,180	6,206	6,998	7,021
Loans to customers - retail	47,327	47,327	46,487	46,487
Bonds held to maturity	14,433	13,377	15,679	14,403
Bonds classified as loans and receivables	101,728	98,046	98,485	94,723
Total financial assets 31.12.19	**169,709**	**164,997**		
Total financial assets 31.12.18			167,967	162,951
Financial liabilities				
Debt raised by issuance of securities	18,728	18,729	17,565	17,529
Liabilities to financial institutions	446	446	2	2
Deposits from banking customers	14,404	14,404	14,419	14,419
Subordinatd loan capital	9,010	8,925	8,218	8,224
Total financial liabilities 31.12.19	**42,589**	**42,504**		
Total financial liabilities 31.12.18			40,205	40,175

VALUATION OF FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE

(NOK million)	Level 1 Quoted prices	Level 2 Observable assumptions	Level 3 Non-observable assumptions	31.12.19	31.12.18
Assets:					
Equities and fund units					
- Equities	28,007	226	532	28,765	24,038
- Fund units	197	156,365	9,016	165,578	133,323
Total equities and fund units 31.12.19	**28,205**	**156,591**	**9,548**	**194,343**	
Total equities and fund units 31.12.18	23,379	125,493	8,489		157,361
Loans to customers					
- Loans to customers - corporate			6,736	6,736	5,708
- Loans to customers - retail			389	389	220
Total Loans to customers 31.12.19			**7,125**	**7,125**	
Total Loans to customers 31.12.18			5,928		5,928
Bonds and other fixed-income securities					
- Government bonds	10,638	21,618		32,256	34,347
- Corporate bonds		60,040	15	60,055	50,890
- Structured notes					79
- Collateralised securities		3,648		3,648	22,793
- Bond funds	180	55,010	5,490	60,680	49,478
Total bonds and other fixed-income securities 31.12.19	**10,818**	**140,316**	**5,505**	**156,639**	
Total bonds and other fixed-income securities 31.12.18	13,839	140,370	3,377		157,586
Derivatives:					
- Equity derivatives		1		1	
- Interest derivatives		2,537		2,537	2,820
- Currency derivatives		1,781		1,781	-2,781
Total derivatives 31.12.19		**4,319**		**4,319**	
- of which derivatives with a positive market value		5,314		5,314	4,646
- of which derivatives with a negative market value		-995		-995	-4,607
Total derivatives 31.12.18		39			39
Properties:					
Investment properties			29,415	29,415	28,266
Properties for own use			1,375	1,375	1,420
Total properties 31.12.19			**30,790**	**30,790**	
Total properties 31.12.18			29,686		29,686

There is no significant movements between level 1 and level 2 in this quarter.

FINANCIAL INSTRUMENTS AND REAL ESTATE AT FAIR VALUE - LEVEL 3

(NOK million)	Equities	Fund units	Loans to customers	Corporate bonds	Bond funds	Investment properties	Properties for own use
Book value 01.01.19	**640**	**7,849**	**5,928**	**56**	**3,321**	**28,266**	**1,420**
Net gains/losses on financial instruments	30	1,300	94	2	-49	716	-34
Additions	22	1,076	2,350		2,681	551	43
Sales	-9	-1,112	-874	-42	-356		-2
Currency translation differences	-6	-98	-208	-1	-107	-360	-92
Other	-145		-165			242	40
Book value 31.12.19	**532**	**9,016**	**7,125**	**15**	**5,490**	**29,415**	**1,375**

As at 31.12.19, Storebrand Livsforisikring had NOK 4.044 million invested in Storebrand Eiendomsfond Norge KS and Ruseløkkveien 26, Oslo. The investments are classified as "Investment in associated Ccmpanies and joint ventures" in the Consolidated Financial Statements. .

SENSITIVITY ASSESSMENTS

Sensitivity assessments of investments on level 3 are described in note 12 in the 2018 annual report. There is no significant changes in sensitivity in this quarter.

Note 08 Operating expenses

	Q4		01.01 - 31.12	
(NOK million)	2019	2018	2019	2018
Personnel expenses	-559	-576	-2,281	-2,143
Amortisation/write-downs	-59	-39	-231	-147
Other operating expenses	-676	-628	-2,316	-2,252
Total operating expenses	**-1,294**	**-1,244**	**-4,828**	**-4,542**

Note 09 Tax

The effective tax rate is influenced by the fact that the Group has operations in countries with tax rates that are different from Norway. The income tax expense is also influenced by tax effects relating to previous years. The tax rate for companies in Norway was changed from 23 to 22 per cent with effect from 1 January 2019. It was also agreed to keep the rate at 25 per cent for companies subject to the financial tax. The Storebrand Group includes companies that are both subject to and not subject to the financial tax. Therefore, when capitalising deferred tax/deferred tax assets in the consolidated financial statements, the company tax rate that applies for the individual companies is used (22 or 25 per cent). The tax rate for companies in Sweden was changed from 22 per cent in 2018 to 21.4 per cent in 2019.

Provisions are made for deferred tax on the increase in value during the ownership of real estate in SPP Fastigheter AB in accordance with IAS 12 and guiding principles for consolidation. The real estate investments are made on behalf of the customer assets. Each real estate is owned by a separate investment company, and a sale of real estate itself would entail a tax expense that will reduce the return on the customer assets and will not affect the income tax for SPP / Storebrand. The deferred tax is in the consolidated financial reporting recognised as a claim on the customer funds and will not affect the income tax expense for SPP / Storebrand. Deferred tax relating to real estate investments in the customer assets is not netted against other temporary differences in the balance sheet.

Uncertain tax positions

The tax rules for the insurance industry have undergone changes in recent years. In some cases, Storebrand and the Norwegian Tax Administration have had different interpretations of the tax rules and associated transitional rules. As a result of this, uncertain tax positions arise in connection with the recognised tax expenses. Whether or not the uncertain tax positions have to be recognised in the financial statements is assessed in accordance with IAS 12 and IFRIC 23. Uncertain tax positions will only be recognised in the financial statements if the company considers it to be preponderance that the Norwegian Tax Administration's interpretation will be accepted in a court of law. Significant uncertain tax positions are described below.

A. In 2015, Storebrand Livsforsikring AS discontinued the Norwegian subsidiary, Storebrand Eiendom Holding AS, with a tax loss of approximately NOK 6.5 billion and a corresponding increase in the tax loss carryforward. In January 2018, Storebrand Livsforsikring AS received notice of an adjustment to the tax returns for 2015 which claimed that the calculated loss was excessive, but provided no further quantification. Storebrand Livsforsikring AS disagrees with the arguments that were put forward and submitted its response to the Norwegian Tax Administration on 2 March 2018. The notice was unclear, but based on the notice, a provision was made in the 2017 annual financial statements for an uncertain tax position of approximately NOK 1.6 billion related to the former booked tax loss (appears as a reduction in the loss carryforward and, in isolation, gave an associated increased tax expense for 2017 of approximately NOK 0.4 billion). In May 2019, Storebrand Livsforsikring AS received a draft decision from the Norwegian Tax Administration claiming changes in the tax return from 2015. Storebrand disagrees with the notice from the Norwegian Tax Administration and submitted its response in October 2019. The company considers it to be preponderance that Storebrand's understanding of the tax legislation will be accepted by a court of law and thus, no uncertain tax position has been recognised in the financial statements based on the recieved draft decision. If the Norwegian Tax Administration's position is accepted, Storebrand estimates that a tax expense for the company of approximately NOK 1.2 billion will arise. There will also be negative effects for returns on customer assets after tax. The effects are based on best estimates and following a review with external expertise.

B. New tax rules for life insurance and pension companies were introduced for the 2018 financial year. These rules contained transitional rules for how the companies should revalue/write-down the tax values as at 31 December 2018. In December 2018, the Norwegian Directorate of Taxes published an interpretive statement that Storebrand does not consider to be in accordance with the wording of the relevant act. When presenting the national budget for 2020 in October 2019, the Ministry of Finance proposed a clarification of the wording of the transitional rules in line with the interpretive statement from the Norwegian Directorate of Taxes. The clarification was approved by the Norwegian Parliament in December 2019. Storebrand considers there to be uncertainty regarding the value such subsequent work on a legal rule has as a source of law, and which in this instance only applies for a previous financial year. In the tax return for 2018, Storebrand Livsforsikring AS applied the wording in the original transitional rule, but in October 2019 received a notice of adjustment of tax assessment in line with the interpretive statement from the Norwegian Directorate of Taxes and the clarification from the Ministry of Finance. Storebrand Livsforsikring AS disagrees with the Norwegian Tax Administration's interpretation, but considers it uncertain as to whether the company's interpretation will be accepted if the case is decided by a court of law. The uncertain tax position has therefore been recognised in the financial statements. Based on our best estimate, the difference between Storebrand's interpretation and the Norwegian Tax Administration's interpretation is approximately NOK 4.2 billion in an uncertain tax position. If Storebrand's interpretation is accepted, a deferred tax expense of approximately NOK 1 billion will be derecognised from the financial statements.

C. The outcome of the interpretation of tax rules for group contributions referred to above under (A) will have an impact when calculating the effect from the transitional rules for the new tax rules referred to under point (B). An equivalent interpretation to that described under (A) has been used as a basis in the financial statements when calculating tax input values on property shares owned by customer assets for 2016 and 2017. There is thus an uncertain tax position relating to the effect from the transitional rules described in (B). This effect will depend on the interpretation and outcome of (A). If Storebrand's position is accepted under (A), Storebrand will recognise a tax income of approximately NOK 0.8 billion. If the Norwegian Tax Administration prevails with its argument under point (A), Storebrand will recognise a tax expense of approximately NOK 0.6 billion.

The timeline for the continued process with the Norwegian Tax Administration is unclear, but if necessary, Storebrand will seek clarification from the court of law for the aforementioned uncertain tax positions.

Note 10 Loans

(NOK million)	31.12.19	31.12.18
Corporate market [1]	12,943	12,756
Retail market	47,768	46,742
Gross loans	**60,712**	**59,498**
Write-down of loans losses	-53	-63
Net loans [2]	**60,658**	**59,435**
[1] Of which Storebrand Bank	13	33
[2] Of which Storebrand Bank	30,187	28,456
Of which Storebrand Livsforsikring	30,472	30,979

NON-PERFORMING AND LOSS-EXPOSED LOANS

(NOK million)	31.12.19	31.12.18
Non-performing and loss-exposed loans without identified impairment	73	71
Non-performing and loss-exposed loans with identified impairment	52	59
Gross non-performing loans	**125**	**129**
Individual write-downs	-20	-21
Net non-performing loans [1]	**105**	**108**

[1] The figures apply in their entirety Storebrand Bank

Note 11 Capital buffer

(NOK million)	31.12.19	31.12.18
Additional statutory reserves	9,023	8,494
Market adjustment reserves	5,500	2,245
Conditional bonuses	9,302	8,243
Total	**23,825**	**18,983**

Note 12 Contingent liabilities

(NOK million)	31.12.19	31.12.18
Guarantees	1	1
Unused credit facilities	3,072	3,362
Uncalled residual liabilities re limited partnership	7,297	5,818
Loan commitment retail market	1,466	1,672
Total contingent liabilities	**11,837**	**10,853**

Guarantees essentially encompass payment and contract guarantees.
Unused credit facilities encompass granted and any unused credit accounts and credit cards, as well as, any unused flexible mortgage facilities.

Storebrand Group companies are engaged in extensive activities in Norway and abroad, and are subject for client complaints and may become a party in legal disputes, see also note 2 and note 43 in the 2018 annual report.

Note 13

Solidity and capital management

The Storebrand Group is an insurance-dominated, cross-sectoral financial group with capital requirements in accordance with Solvency II. Storebrand calculates Solvency II according to the standard method as defined in the Solvency II Regulations.

Consolidation is carried out in accordance with Section 18-2 of the Norwegian Act relating to Financial Undertakings and Financial Groups. The solvency capital requirement and minimum capital requirement for the group are calculated in accordance with Section 46 (1)-(3) of the Solvency II Regulations using the standard method and include the effect of the transitional arrangement for shares pursuant to Section 58 of the Solvency II Regulations.

Capital management

Storebrand places particular emphasis on continually and systematically adapting the levels of equity in the Group. The level is adapted to the financial risk and capital requirements in the business, where growth and the composition of segments are important motivating factors for the need for capital. The purpose of capital management is to ensure an efficient capital structure and provide for an appropriate balance between in-house goals and regulatory and rating company requirements. If there is a need for new capital, this is raised by the holding company Storebrand ASA, which is listed on the stock exchange and is the ultimate parent company.

The Storebrand companies are subject to various capital requirements depending on the type of business. In addition to the capital requirements for the Storebrand Group and insurance companies, the banking and asset management businesses have capital requirements in accordance with CRD IV. The companies in the group governed by CRD IV are included in the group's solvency capital and solvency capital requirements with their respective primary capital and capital requirements.

Storebrand has the goal of paying a dividend of more than 50% of the Group profit after tax. The board has the ambition of ordinary dividends per share being, at a minimum, at the same nominal level as the previous year. The normal dividend is paid with a sustainable solvency margin of more than 150%. If there is a solvency margin of more than 180%, the board's intention is to propose extraordinary dividends or share buy-backs. In general, equity in the Group can be controlled without material limitations if the capital requirement is met and the respective legal entities have sufficient solvency.

SOLVENCY CAPITAL

	31.12.19					
NOK million	Total	Group 1 unlimited	Group 1 limited	Group 2	Group 3	31.12.18 Total
Share capital	2,339	2,339				2,339
Share premium	10,521	10,521				10,521
Reconciliation reserve	27,169	27,169				23,444
Including the effect of the transitional arrangement						
Subordinated loans	7,651		1,114	6,536		7,780
Deferred tax assets	268				268	873
Risk equalisation reserve	466			466		234
Minority interests	57				57	56
Unavailable minority interests	-41				-41	-37
Deductions for CRD IV subsidiaries	-2,970	-2,970				-3,311
Expected dividend 2019	-1,517	-1,517				-1,402
Total basic solvency capital	**43,943**	**35,542**	**1,114**	**7,002**	**285**	**40,498**
Subordinated capital for subsidiaries regulated in accordance with CRD IV	2,970					3,311
Total solvency capital	**46,913**					**43,808**
Total solvency capital available to cover the minimum capital requirement	**38,614**	**35,542**	**1,114**	**1,958**		**34,623**

SOLVENCY CAPITAL REQUIREMENTS AND - MARGIN

NOK million	31.12.19	31.12.18
Market	22,040	20,917
Counterparty	779	625
Life	10,702	10,412
Health	761	713
P&C	307	278
Operational	1,493	1,485
Diversification	-7,207	-6,838
Loss-absorbing tax effect	-4,847	-4,764
Total solvency capital requirement - insurance company	**24,028**	**22,827**
Capital requirements for subsidiaries regulated in accordance with CRD IV	2,683	2,482
Total solvency capital requirement	**26,711**	**25,309**
Solvency margin with transitional rules	**176%**	**173%**
Minimum capital requirement	**9,788**	**9,711**
Minimum margin	**394%**	**357%**

The Storebrand Group has also a requirement to report capital adequacy in a multi-sectoral financial group (conglomerate directive). The calculation in accordance with the Solvency II regulations and capital adequacy calculation in accordance with the conglomerate directive give the same primary capital and essentially the same capital requirements.

CAPITAL- AND CAPITAL REQUIREMENT IN ACCORDANCE WITH THE CONGLOMERATE DIRECTIVE

NOK million	31.12.19	31.12.18
Capital requirements for CRD IV companies	2,937	2,714
Solvency captial requirements for insurance	24,028	22,827
Total capital requirements	**26,966**	**25,541**
Net primary capital for companies included in the CRD IV report	2,970	3,311
Net primary capital for insurance	43,943	40,498
Total net primary capital	**46,913**	**43,808**
Overfunding	**19,947**	**18,267**

Under Solvency II, the capital requirement from the CRD IV companies in the Group is included in accordance with their respective capital requirements. In a multi-sectoral financial group, all the capital requirements of the CRD IV companies are calculated based on their respective applicable requirements, including buffer requirement for the largest company in the Group (Storebrand Bank). This increases the total requirement from the CRD IV companies in relation to what is included in the Solvency II calculation. As at 31 December 2019, the difference amounted to NOK 255 million.

Note 14 Information about related parties

Storebrand conducts transactions with related parties as part of its normal business activities. These transactions take place on commercial terms. The terms for transactions with management and related parties are stipulated in notes 23 and 44 in the 2018 annual report.

Storebrand has not carried out any material transactions other than normal business transactions with related parties at the close of the 4rd quarter 2019.

Storebrand ASA
Income statement

(NOK million)	Q4 2019	Q4 2018	Full year 2019	Full year 2018
Operating income				
Income from investments in subsidiaries	3,165	4,092	3,230	4,131
Net income and gains from financial instruments:				
- equities and other units	5	1	2	1
- bonds and other fixed-income securities	14	5	50	26
- financial derivatives/other financial instruments	-1	-1	-6	-7
Other financial instruments			1	33
Operating income	**3,183**	**4,098**	**3,278**	**4,184**
Interest expenses	-12	-15	-51	-60
Other financial expenses	20	-3		35
Operating expenses				
Personnel expenses	-9	-8	-40	-41
Other operating expenses	-15	-15	-62	-44
Total operating expenses	**-24**	**-23**	**-102**	**-86**
Total expenses	**-16**	**-41**	**-153**	**-111**
Pre-tax profit	**3,168**	**4,056**	**3,125**	**4,074**
Tax	-198	-133	-173	-111
Profit for the period	**2,970**	**3,924**	**2,952**	**3,963**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

(NOK million)	Q4 2019	Q4 2018	Full year 2019	Full year 2018
Profit for the period	**2,970**	**3,924**	**2,952**	**3,963**
Other total comprehensive income elements not to be classified to profit/loss				
Change in estimate deviation pension	-8	9	-8	9
Tax on other comprehensive elements	2	-2	2	-2
Total other comprehensive income elements	**-6**	**6**	**-6**	6
Total comprehensive income	**2,964**	**3,930**	**2,946**	**3,969**

Storebrand ASA
Statement of financial position

(NOK million)	31.12.19	31.12.18
Fixed assets		
Deferred tax assets	41	47
Tangible fixed assets	27	26
Shares in subsidiaries and associated companies	20,042	19,286
Total fixed assets	**20,110**	**19,359**
Current assets		
Owed within group	3,166	4,092
Other current receivables	16	21
Investments in trading portfolio:		
- equities and other units	44	22
- bonds and other fixed-income securities	3,260	1,820
- financial derivatives/other financial instruments	3	9
Bank deposits	34	34
Total current assets	**6,523**	**5,998**
Total assets	**26,633**	**25,357**
Equity and liabilities		
Share capital	2,339	2,339
Own shares	-5	-2
Share premium reserve	10,521	10,521
Total paid in equity	**12,856**	**12,858**
Other equity	9,794	8,395
Total equity	**22,650**	**21,253**
Non-current liabilities		
Pension liabilities	154	161
Securities issued	1,309	1,813
Total non-current liabilities	**1,463**	**1,974**
Current liabilities		
Debt within group	900	597
Provision for dividend	1,517	1,402
Other current liabilities	103	131
Total current liabilities	**2,520**	**2,130**
Total equity and liabilities	**26,633**	**25,357**

Storebrand ASA
Statement of changes in equity

(NOK million)	Share capital [1]	Own shares	Share premium	Other equity	Total equity
Equity at 31. December 2017	**2,339**	**-5**	**10,521**	**5,793**	**18,648**
Profit for the period				3,963	3,963
Total other result elements				6	6
Total comprehensive income				**3,969**	**3,969**
Provision for dividend				-1,402	-1,402
Own share sold [2]		3		48	50
Employee share [2]				-13	-13
Equity at 31. December 2018	**2,339**	**-2**	**10,521**	8,395	21,253
Profit for the period				2,952	2,952
Total other result elements				-6	-6
Total comprehensive income				**2,946**	**2,946**
Provision for dividend				-1,514	-1,514
Own share bought back [2]		-5		-63	-68
Own share sold [2]		2		36	38
Employee share [2]				-6	-6
Equity at 31. December 2019	**2,339**	**-5**	**10,521**	**9,794**	**22,650**

[1] 467 813 982 shares with a nominal value of NOK 5.
[2] In 2019, Storebrand ASA has bought 1 000 000 own shares. In 2019, 487 950 shares were sold to our own employees.
Holding of own shares 31. December 2019 was 943 190

Storebrand ASA
Statement of cash flow

	01.01 - 31.12	
(NOK million)	2019	2018
Cash flow from operational activities		
Receipts - interest, commission and fees from customers	67	47
Receipts/payments - securities at fair value	-1,475	-477
Payments relating to operations	-128	-89
Net receipts/payments - other operational activities	4,157	2,247
Net cash flow from operational activities	**2,621**	**1,728**
Cash flow from investment activities		
Receipts - sale of subsidiaries		33
Payments - purchase/capitalisation of subsidaries	-629	-131
Net receipts/payments - sale/purchase of property and fixed assets	-1	2
Net cash flow from investment activities	**-630**	**-95**
Cash flow from financing activities		
Payments - repayments of loans	-500	-450
Receipts - new loans	1	1
Payments - interest on loans	-58	-72
Receipts - sold own shart to employees	33	37
Payments - buy own shares	-68	
Payments - dividends	-1,399	-1,168
Net cash flow from financing activities	**-1,991**	**-1,651**
Net cash flow for the period	**0**	**-19**
Net movement in cash and cash equivalents	0	-19
Cash and cash equivalents at start of the period	34	53
Cash and cash equivalents at the end of the period	**34**	**34**

Notes to the financial statements Storebrand ASA

Note 01 Accounting policies

The financial statements are presented in accordance with the accounting policies applied in the annual financial statements for 2018. The accounting policies are described in the 2018 annual report.

Storebrand ASA does not apply IFRS to the parent company's financial statements.

Note 02 Estimates

In preparing the interim accounts, Storebrand has used assumptions and estimates that affect reported amounts of assets, liabilities, revenues, and costs, and information in the notes to the financial statements. The final values realised may differ from these estimates.

Note 03 Income from investments in subsidiaries

(NOK million)	31.12.19	31.12.18
Storebrand Livsforsikring AS	2,200	3,200
Storebrand Bank ASA	244	153
Storebrand Asset Management AS	568	415
Storebrand Forsikring AS	153	324
Storebrand Helseforsikring AS	65	39
Total	**3,230**	**4,131**

Note 04 Bond and bank loans

(NOK million)	Interest rate	Currency	Net nominal value	31.12.19	31.12.18
Bond loan 2013/2020 [1)]	Fixed	NOK	300	305	311
Bond loan 2014/2019	Variable	NOK	500		500
Bond loan 2017/2020	Variable	NOK	500	502	501
Bond loan 2017/2022	Variable	NOK	500	501	501
Total [2)]				**1,309**	**1,813**

[1)] Loans with fixed rates are hedged by interest swaps, which are booked at fair value through profit and loss. Changes in values of loans that can be related to the hedged risk are included in the carrying amount and included in the result.
[2)] Loans are booked at amortised cost and include earned not due interest.
Signed loan agreements have covenant requirements.
Storebrand ASA has an unused drawing facility for EUR 200 million.

MAIN OFFICE:

Storebrand ASA
Professor Kohts vei 9
Postboks 500
1327 Lysaker, Norway
Phone: 22 31 50 50
www.storebrand.no

Customer service:
915 08 880

OTHER GROUP COMPANIES:

SPP Livförsäkring AB
Vasagatan 10
S-105 39 Stockholm, Sweden
Phone: +46 8 451 70 00
www.spp.se

Storebrand Livsforsikring AS
- filial Sverige
Vasagatan 10
S-105 39 Stockholm, Sweden
Phone: +46 8 700 22 00
www.storebrand.se

Storebrand Kapitalforvaltning AS -
filial Sverige
Vasagatan 10
S-105 39 Stockholm, Sweden
Phone: +46 8 614 24 00
www.storebrand.se

Storebrand Helseforsikring AS
Professor Kohts vei 9
Postboks 464
1327 Lysaker, Sweden
Phone: 22 31 13 30
www.storebrandhelse.no

DKV Hälsa
Vasagatan 10
S-105 39 Stockholm, Sweden
Phone: +46 8 619 62 00
www.dkvhalsa.se

Financial calendar

12 February 2020:	Results Q4 2019
30 March 2020:	Annual Report
22 April 2020:	Annual General Meeting
30 April 2020:	Results Q1 2020
15 July 2020:	Results Q2 2020
21 October 2020:	Results Q3 2020
10 February 2021:	Results Q4 2020

Investor Relations contacts

Lars Aa. Løddesøl	Group CFO	lars.loddesol@storebrand.no	+47 934 80 151
Kjetil R. Krøkje	Group Head of Finance, Strategy and M&A	kjetil.r.krokje@storebrand.no	+47 934 12 155
Daniel Sundahl	Head of Investor Relations and Rating	daniel.sundahl@storebrand.no	+47 913 61 899

Storebrand ASA
Professor Kohtsvei 9, P.O. Box 500,
N-1327 Lysaker, Norway
Phone +47 22 31 50 50

www.storebrand.com/ir

storebrand